



Ref: CHEWA 2018/001

15 February 2018

Subject Management Discussion and Analysis for twelve months' period ended 31st December 2017

To Managing Director The Stock Exchange of Thailand

Chewathai Public Company Limited would like to clarify the company and its subsidiaries' operating performance for twelve months' period ended 31st December 2017 as follows

(Unit : million baht)

Statement of comprehensive income	Consolidated financial statements			
	FY2017	FY2016	Increase (Decrease)	%
Revenues				
Revenue from sales of real estate	2,013.69	1,158.13	855.56	73.87
Rental and service income from factory	19.59	16.53	3.06	18.51
Other income	9.14	26.06	(16.92)	(64.93)
Total Revenues	2,042.42	1,200.72	841.70	70.10
Expenses				
Cost of real estate sold	1,440.59	830.36	610.23	73.49
Cost of Rental and service from factory	10.78	10.78	0.00	0.00
Selling expenses	228.44	142.46	85.98	60.35
Administrative expenses	132.45	97.48	34.97	35.87
Total Expenses	1,812.26	1,081.08	731.18	67.63
Profit before share of profit (loss) from investment in joint venture, finance costs and income tax	230.16	119.64	110.52	92.38
Share of profit (loss) from investment in joint venture and associate	0.69	2.52	(1.83)	(72.62)
Profit before finance costs and income tax	230.85	122.16	108.69	88.97
Finance costs	29.80	51.23	(21.43)	(41.83)
Profit (loss) before income tax	201.05	70.93	130.12	183.45
Income tax expenses	45.55	7.85	37.70	480.30
Profit (loss) for the period	155.50	63.08	92.42	146.51
Gross profit %	28.46%	28.30%		
Net profit %	7.61%	5.25%		

Performance in 2017 and 2016

For Year 2017, the Company has completed construction and realized the revenue in 3 projects: Chewarom Rangsit Donmueang, Chewathai Residence Bang Pho and Chewathai Residence Asoke, also, with the recovery of the property market in the second half. As a result, the net profit increased by 146.51 % over the previous year. In Year 2017, the net profit of 155.50 million baht or 7.61% of total revenue, an increase of 92.42 million baht from the previous year. The Company's operations and financial position in 2017 are as follows:



Total Revenue

For Year 2017, the Company had total revenue of 2,042.42 million baht, an increase of 841.70 million baht or 70.10% from the previous year. The revenue was from sales of real estate of 2,013.69 million baht, an increase of 855.56 million baht from the previous year. The increase of 73.87% is due to the fact that the Company has completed three projects which generated revenue 1,373.61 million baht due to the large number of inventories of the company projects as a whole were released as well as the rise of economy. As a result, the revenue from the sale of real estate increased substantially from the previous year. In Q4 / 2017, the Company was able to recognize revenue of 1,203.77 million baht, which is higher than the sale of real estate sales in the previous year.

Cost of Goods Sold and Gross Profit

For Year 2017, the cost of goods sold of real estate of 1,440.59 million baht, an increase of 610.23 million baht or 73.49% which was in line with the increase of revenue from real estate.

The gross margin from the sale of real estate in 2017 as compared to the previous year was not much difference as the Company has already recognized the income from Chewathai Residence Asoke project. This was due to assets being purchased from the original developer and the gross margin is lower than that for the Company than it was developed from the beginning.

Selling & Administrative Expenses

Selling and administrative expenses in the year 2017 amounted to 360.89 million baht or 17.67% of total revenue, increased from the previous year of 120.95 million baht or 50.41%. This was mainly due to the increase in selling expenses of 85.98 million baht or 60.35% from the previous year. The main factor was the increase in transfer expenses, commission fees and promotions. Administrative expenses increased of 34.97 million or 35.87% mainly from personnel expenses. However, the Company has managed the expenses more efficiently. The proportion of total expenses to income this year has decreased from the previous year

Financial Position as at 31 December 2017 and 31 December 2016

Financial Position	31 Dec 2017	31 Dec 2016	Increase (Decrease)	%
Total asset	3,646	3,171	475	15
Total Liability	2,537	2,195	342	16
Shareholders' equity	1,109	976	133	14



Total assets as at 31 December 2017 amounted to 3,646.39 million baht, an increase of 475.09 million baht or 14.98% from the previous year. The main factor was the increase of 473.89 million baht from cost of land and real estate development. Currently, there are 3 projects under development. In addition, the Company has loans to related companies for revolving funds and added liquidity.

Total liabilities as at 31 December 2017 amounted to 2,537.12 million, an increase of 342.09 million baht or an increase of 15.58% from the previous year. The increase was mainly due to the fact that the Company had withdrawn loans from financial institutions to be spent as working capital for developing projects. For short-term loans from bills of exchange, the Company has gradually repaid its debts. As such, the company focuses on long-term debt drawdown to maintain liquidity in debt repayment.

The Shareholders' Equity as at 31 December 2017 amounted to 1,109.27 million baht, an increase of 133.00 million or 13.62% from the previous year, resulting from 155.50 million baht in the year 2017. During the year. The company paid the dividend from the operating results of the previous year to shareholders was 22.50 million baht at the rate of Baht 0.03.

The Company's debt to equity ratio as at 31 December 2017 was 1.64:1 times and its interest-bearing debt ratio was 1.18:1 times. Still, the debt-to-equity ratio will not be higher than that of financial institutions.

Future Projects

The Company has 3 projects under development which will be completed in 2018, namely Chewathai Petchkasem 27, Chewarom Rangsit Khlong 4, Chewahome Pracha Uthit 90. The total value of which is more than 3,000 million baht.

In addition, the company plans to launch six new projects in 2018 worth 4,190 million baht, four of which are self-developed projects worth 3,740 million and two joint venture projects with Chewa heart Co.,Ltd worth 450 million.

Please be informed accordingly

Sincerely Yours,

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(Mr. Boon Choon Kiat)

Managing director